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SUBJECT: CODEL ENGEL VISITS NICARAGUA

Classified By: CDA Richard M. Sanders, Reasons 1.4 (b,d)

¶1. (C) On February 18-20, Rep. Elliot Engel, Chair of the House Western Hemisphere Sub-Committee visited Nicaragua for meetings with the Nicaraguan government, opposition and civil society leaders, and to visit USAID assistance projects. Engel was accompanied by Representatives Jean Schmidt, Virginia Foxx, John Salazar, Mark Souder, and Ruben Hinojosa and committee staff. CODEL Engel met with civil society leaders and opposition National Assembly Deputies, who urged the U.S. to remain focused on the fraudulent November 2008 municipal elections and noted that negative impact the fraud will have on civic participation and the possibility of democratic national elections in 2011. In a nearly three-hour meeting with President Daniel Ortega, CODEL Engel expressed the hope for improved U.S.-Nicaragua cooperation and urged the GoN to address concerns surrounding the municipal elections. For his part, Ortega defended the role of his government and his Sandinista National Liberation Front (FSLN) party in the elections and dismissed opposition claims of fraud. Ortega also emphasized the potential impact of the world economic crisis on the country and the need for Nicaragua to seek economic partners other than the U.S. End Summary.

#### CIVIL SOCIETY URGES U.S. TO KEEP FOCUSED ON ELECTIONS

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¶2. (C) CODEL Engel held a roundtable with Roberto Courtney, Executive Director of the Nicaraguan electoral observation NGO Ethics and Transparency, Carlos Fernando Chamorro, a prominent journalist and Executive Director of the Nicaraguan NGO CINCO, and representatives from the International Republican Institute (IRI) and the National Democratic Institute (NDI) to discuss the November 2008 municipal elections, challenges facing Nicaragua's democracy and human rights situation, and to review U.S. assistance programs in these areas. Courtney explained how the Ortega government, through the Supreme Electoral Council (CSE), had systematically violated Nicaragua's electoral laws in the course of the municipal elections in order to secure a win for the FSLN. Courtney emphasized that the refusal to accredit domestic and international election observers, the exclusion of party-affiliated poll watchers and the failure to publicize detailed electoral results had fundamentally undermined Nicaragua's electoral process. Elections were now discredited and it would be difficult to restore voter confidence for national elections 2011.

¶3. (C) Carlos Fernando Chamorro reviewed the Ortega government's efforts to crack down on and intimidate NGOs, including his own organization which was raided by government officials on questionable legal grounds in September 2008. In effect, he stated, the government was attempting "to criminalize civil society." The government is consolidating

state and party power as an instrument of civic control and is trying to mobilize the one third of the country which supports the FSLN against the other two thirds that do not. Chamorro said the questions now facing Nicaragua are how far would Nicaraguan society tolerate this situation and whether civil society will have the capacity to resist the government pressures.

¶4. (C) Both Courtney and Chamorro recommended that the USG "exert pressure" on the Ortega government to address the November 2008 municipal elections and resulting political crisis through its assistance programs. Chamorro emphasized the need for the U.S. and Europe to work closely together to press the Nicaraguan government on these issues. Without such pressure, Chamorro cautioned, the outlook for democratic change was not positive. Chamorro noted that the problems facing Nicaragua's democracy were not a short-term setback but represented serious setbacks in the democratic process that warranted greater attention by the international community.

#### NATIONAL ASSEMBLY DEPUTIES - ORTEGA ON PATH TO DICTATORSHIP

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¶5. (C) CODEL Engel hosted a lunch with National Assembly Deputies Eduardo Montealegre (2006 presidential candidate and 2008 Managua mayoral candidate and leader of the Nicaraguan Democratic Bancada - BDN), Maria Eugenia Sequeria (BDN), Enrique Quinonez (Constitutional Liberal Party and ex-Managua vice mayoral candidate), Enrique Saenz (President of the Sandinista Renovation Movement - MRS), and Victor Hugo Tinoco (MRS). Montealegre and Quinonez recounted their experiences in the 2008 municipal campaign and reported their efforts to collect vote tally sheets demonstrated they had won the elections. Ortega's actions to cancel political parties, blend the FSLN party with the institutions of government, and to manipulate the electoral process had gravely weakened Nicaragua's democracy. Quinonez added that Ortega's efforts to consolidate control and manipulate the municipal elections were facilitated by PLC leader and ex-president Arnoldo Aleman, who was solely interested in increasing his personal political and financial power at the expense of the interests of the party and Nicaragua.

¶6. (C) Saenz and Tinoco, former leaders within the FSLN, recounted how Ortega had broken with the values of Sandinismo and the 1979 revolution. Ortega, Saenz said, leads "a deformed version of Sandinismo" and is reproducing a dictatorship in the style of the Somozas. According to Tinoco, Ortega no longer was interested in social progress, but rather the concentration of his personal political power.

In response, Saenz and others formerly with the FSLN had formed the MRS to confront Ortega's dictatorial tendencies and to advocate for social democratic principles. "The problem of poverty will not be resolved," according to Saenz, "if we do not resolve the problem of democracy." Tinoco stated that Ortega's actions are taking the country towards dictatorship and that the use of Citizen Power Council to violently suppress opposition demonstrations had created a climate of fear and repression.

¶7. (C) The Deputies urged the U.S. to keep pressure on the Ortega government and help Nicaraguans to hold the government accountable for the conduct of the municipal elections. According to Montealegre, the best thing that could happen for Ortega would be for the international community to continue relations as if nothing happened in November 2008. Sequeria noted that "without democracy" there could be no progress on other issues of concern to Nicaraguan and the international community. Sequeria therefore urged the U.S. to "continue to invest in democracy."

#### ORTEGA - NEED TO ADDRESS ECONOMIC NOT POLITICAL CRISIS

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¶8. (U) In a nearly three-hour meeting in which all independent media were excluded, CODEL Engel met with President Daniel Ortega. Also present in the meeting were

First Lady Rosario Murillo, Foreign Minister Samuel Santos and Nicaraguan Ambassador to the U.S. Arturo Cruz to discuss bilateral cooperation, the municipal elections, and the economic crisis. Ortega delivered a one-hour monologue reviewing Nicaragua's worsening economic situation and pledging to work with the U.S. and other countries to find a way out of the crisis. While acknowledging the positive impact of CAFTA, Ortega emphasized that it was critical that Nicaragua reduce its reliance on exports to the U.S. and was therefore seeking to expand economic cooperation with its ALBA partners, especially Venezuela, but also with Russia, Iran, Libya and Brazil, from which Nicaragua hoped to secure investments in key infrastructure projects. An economic crisis in Nicaragua, he warned, could lead to high unemployment, increased transit by narco-traffickers, and further migration to the U.S. The U.S., therefore, had a "need" to preserve economic stability in Nicaragua. Ortega blamed many of Nicaragua's ongoing social and economic problems on "the war forced on us" by the U.S. in the 1980s and the past sixteen years of "neo-liberal governments." The combined effect had been to increase illiteracy, limit the ability of the government to increase investment in education, and increase levels of extreme poverty across Nicaragua.

¶9. (U) Ortega took the initiative to raise the November 2008 municipal elections and railed against the opposition and independent media for spreading false claims of fraud and human rights abuses. "They say that there is a dictatorship in Nicaragua," he complained, "but there is still freedom of the press, freedom of assembly and periodic elections." He argued that the FSLN did not protest in 2001 and 1996 when the "elections were stolen by the neo-liberals." According to Ortega, the PLC manipulated the vote count in national elections in 1996 to secure its victory. There were international observers then, but they did nothing to defend the interests of the FSLN. "We didn't go to the streets ... and we had the patience to wait sixteen years for our victory." He dismissed other allegations of fraud as systemic problems facing elections in all of Latin America.

¶10. (U) Chairman Engel responded to Ortega's comments on the elections by noting that the CODEL had heard criticism concerning the conduct of the elections. Engel expressed the hope that future elections would have less controversy and noted that the current problem would have to be addressed in order to improve bilateral relations. Engel also expressed his hope that the U.S. and Nicaragua could cooperate more closely on a range of issues, noting his support for both CAFTA and for more funding for the Merida Initiative in Central America. Other Members of Congress also raised the elections issue. Representative Foxx said the best way for Nicaragua to create a better investment climate would be to demonstrate a commitment to honorable elections and show the international community that it shares a common commitment to democratic values. Representative Schmidt also noted that criticism concerning the conduct of the elections and encroachments on civil liberties had reached the U.S. Congress. In order for the U.S. Congress to help Nicaragua address its pressing social and economic challenges, Nicaragua would have to alleviate concerns surrounding the 2008 municipal elections.

SANDERS